

REMARKS/ARGUMENTS

Favorable reconsideration of this application in light of the following discussion is respectfully requested. Claims 1-18 are presently pending in this application.

In the outstanding Office Action, Claims 1-18 are rejected under 35 U.S.C. 103(a) as being unpatentable over Pilipovic (USPN 6456982, hereinafter called "Pilipovic") in view of Woller ("The Basics of Monte Carlo Simulations" spring 1996, hereinafter called "Woller").

Applicants respectfully traverse the outstanding ground for rejection, because in Applicants' view, the pending claims clearly patentably define over the cited prior art references. In particular, Applicants respectfully take issue with the finding stated in the outstanding Office Action that "It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Pilipovic to include Boltzmann model analyzer. One would have motivated to do so in order to simulate prices using statistical data to predict the distribution of various financial derivative prices."

Pilipovic surely identifies a Monte Carlo method as a prior art in column 3 lines 23-24, stating, "in finance, Monte Carlo methods have been used to calculate expected prices for financial products." Applicants acknowledge that the Monte Carlo method itself is well known and in the prior art. Also, Applicants acknowledge that Applicants' disclosure at page 37, lines 10-11 of the specification makes clear that a method of solving Boltzmann equation uses the Monte Carlo method. However, Woller merely expresses that "the Boltzmann distribution can be solved analytically, and it is in fact used in determining the Monte Carlo distribution." This Boltzmann distribution is unclear because there is no explicit expression about the Boltzmann distribution as well as the Monte Carlo distribution in Woller. It is in Applicants' view further unclear to one of ordinary skill in the art whether or not the Boltzmann distribution can be directly related to Boltzmann equation. Furthermore, neither Pilipovic nor Woller teach the usage of the Monte Carlo method to solve the Boltzmann

equation, and provide no suggestion of the possible utility of the Boltzmann equation in the context of financial engineering. Furthermore, Woller explicitly expresses that “the Boltzmann distribution can be solved analytically.” Applicants consider from this expression that Woller has no idea at all about usage of Monte Carlo method to solve the Boltzmann equation.

In contrast, Applicants, by means of the Boltzmann model analyzer, can treat the fat-tail problems, and effectively simulate “jump” in the price fluctuation for a financial product, as described in the specification at page 14, line 29 to page 15, line 6 and also at page 52, lines 3-21.

Under such circumstances, Applicants take issue with the finding that it would have been obvious to one of ordinary skill in the art to conceive an idea of introducing the Boltzmann model into the realm of financial engineering, because neither Pilipovic nor Woller even hint to the introduction of the Boltzmann model into the financial engineering field. In view of such deficiencies in the cited prior art, it is respectfully submitted that the claimed invention is in no way rendered obvious by Pilipovic and Woller, whether considered alone or in combination. Accordingly, the outstanding ground for rejection is believed to have been overcome, and withdrawal thereof is respectfully requested.

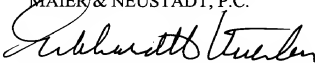
Consequently, in view of the above comments, no further issues are outstanding, and the pending claims are believed to be patentably distinguishing over the cited prior art of

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record. The present application is therefore believed to be in condition for allowance, and an early and favorable action to that effect is respectfully requested.

Respectfully submitted,

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